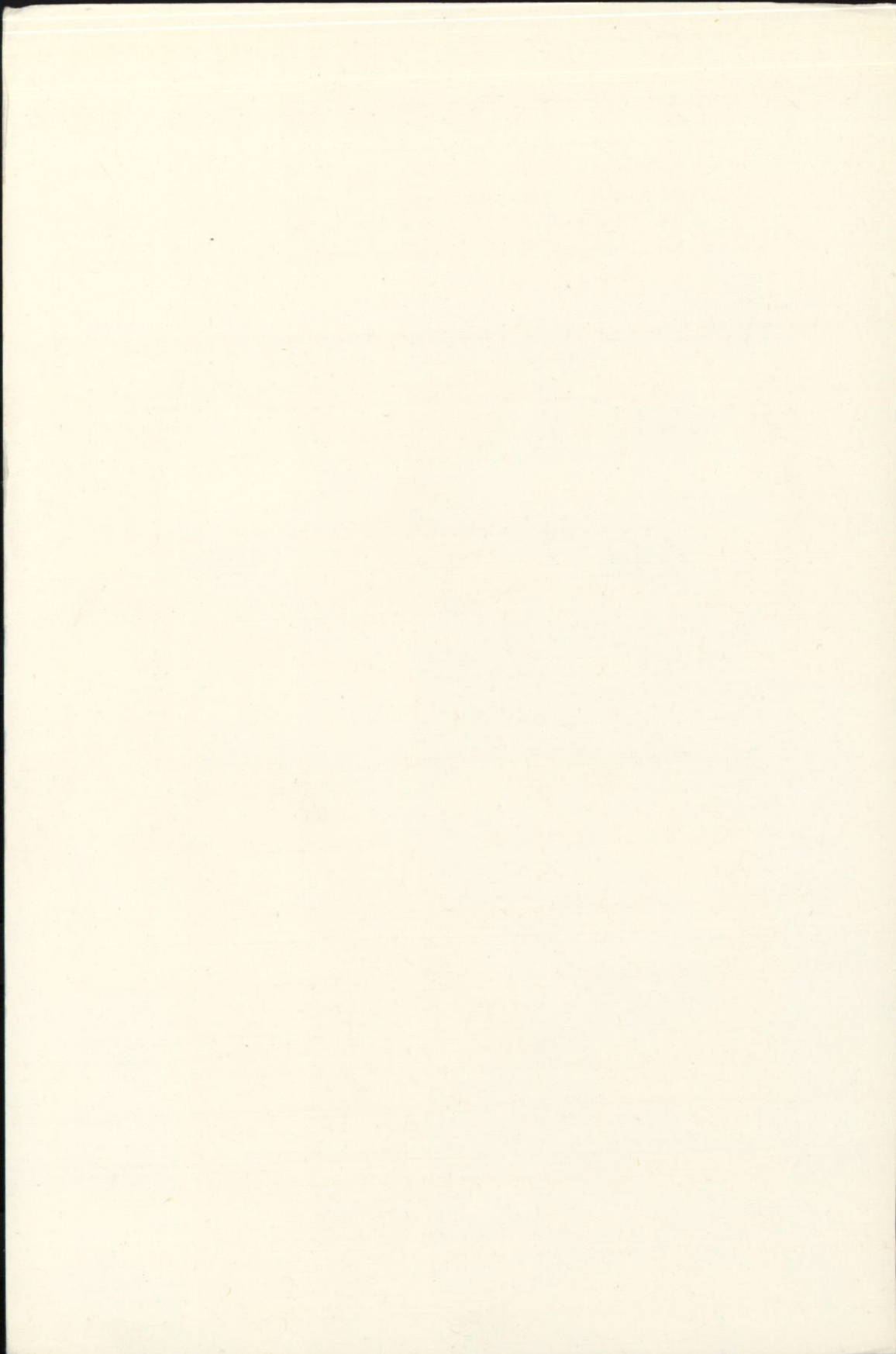


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CORPORATION FILE

Annual Report to Stockholders

The Chesapeake Corporation
of Virginia
West Point, Virginia

FOR YEAR ENDED DECEMBER 28, 1947



OFFICERS

ELIS OLSSON, *Chairman of the Corporation*

M. C. McDONALD, *President*

W. C. GOULDMAN, *Vice-President and Secretary*

J. P. EKBERG, *Vice-President*

OVERTON D. DENNIS, *Treasurer*

E. S. GRAY, *Assistant Secretary*



DIRECTORS

ELIS OLSSON

M. C. McDONALD

W. C. GOULDMAN

T. CROXTON GORDON

J. P. EKBERG

OVERTON D. DENNIS

J. P. MASSIE

J. SCOTT PARRISH, JR.



EXECUTIVE COMMITTEE

ELIS OLSSON

M. C. McDONALD

T. CROXTON GORDON

OVERTON D. DENNIS



TRANSFER AGENT

STATE-PLANTERS BANK AND TRUST COMPANY



REGISTRAR

FIRST AND MERCHANTS NATIONAL BANK OF RICHMOND

WEST POINT, VA., FEBRUARY 16, 1948

TO THE STOCKHOLDERS OF
THE CHESAPEAKE CORPORATION OF VIRGINIA:

It is our pleasure to submit herewith a Balance Sheet as of December 28, 1947, together with Statements of Surplus and Profit and Loss for the year then ended, as prepared and certified by Leach, Calkins & Scott, independent certified public accountants.

Net Profits

The net profits amounted to \$7.21 per share after providing for State and Federal Income taxes. Dividends amounting to \$2.50 per share were declared out of 1947 earnings. This resulted in an increase in Surplus of \$4.71 per share. The book value of the capital stock at December 28, 1947, amounted to \$21.21 per share.

Production

Pulpwood procurement for the year was sufficient to meet production requirements. Production of paper and board amounted to 107,766.85 tons, an increase of approximately thirteen per cent over the preceding year. Production of the pulp mill was approximately twenty-five per cent over that of the preceding year. The average daily production of the pulp mill was 344.78 tons and the average daily production of paper and board was 307.66 tons.

Fixed Assets

The installation of new equipment authorized by your Board of Directors in 1946 is progressing satisfactorily. Additions to the manufacturing plant during the year cost \$927,723.98 and timberlands and standing timber were acquired during the year at a cost of \$395,365.14. During the year there was reserved for depletion of timber the sum of \$140,776.48. The net carrying value of plant, property, and equipment is \$5,407,334.29. The Board of Directors of your Corporation has authorized new construction in the amount of \$756,805.07 and has appropriated \$500,000.00 for the acquisition of new timberlands.

Affiliated Company

During the year Interstate Container Corporation acquired all the outstanding capital stock of David Weber & Co., Philadelphia, Pennsylvania. This purchase was made possible by the 1947 earnings of Interstate Container Corporation.

General Conditions

The Corporation has continued its policy of maintaining a very strong financial position, its liabilities consisting solely of current obligations. We take this opportunity to express our appreciation for the helpful services rendered throughout the year by all of the officers, directors, department heads, and individual workers.

Yours very truly,

ELIS OLSSON,
Chairman of the Corporation

M. C. McDONALD,
President

THE CHESAPEAKE CORP.

WEST POINT, VIRGINIA

BALANCE SHEET

December 31, 1964

ASSETS AND DEFERRED CHARGES

CURRENT ASSETS:

Cash	\$1,071,316.95	
U. S. Government Securities (at cost)	2,467,000.00	
U. S. Treasury Savings Notes, Series C	\$1,400,000.00	
Less: Deducted from Federal Tax Liability—Contra	1,400,000.00	—
Accounts Receivable—Trade	\$ 734,142.25	
Less: Reserve for Allowances and Losses	60,000.00	
		674,142.25
Miscellaneous Accruals and Receivables		54,361.85
Inventories (at lower of cost or market):		
Finished Goods	\$ 10,589.48	
Manufacturing Materials and Supplies	472,697.18	
General Stores	364,840.98	
		848,127.64
TOTAL CURRENT ASSETS (see Commitments)		\$5,114,948.69

FIXED ASSETS:

	Cost	Reserves for Depreciation and Depletion	Net Book Value	
Land—Plant Site	\$ 33,657.37	\$ —	\$ 33,657.37	
Timberlands and Standing Timber	2,242,522.23	874,200.08	1,368,322.15	
Buildings and Structures	1,129,922.02	481,714.08	648,207.94	
Machinery and Equipment	5,340,668.26	2,640,756.05	2,699,912.21	
Construction in Progress	657,234.62	—	657,234.62	
	<u>\$9,404,004.50</u>	<u>\$3,996,670.21</u>	<u>\$5,407,334.29</u>	5,407,334.29

DEFERRED CHARGES:

Prepaid Insurance	\$ 56,004.91	
Prepaid Past Service Premium—Pension Fund	320,370.67	
		376,375.58

OTHER ASSETS:

Cash Surrender Value of \$250,000 Life Insurance	\$ 99,599.93	
Investment in Stock of Affiliated Company (50% of total stock outstanding)	244,562.50	
Pulpwood Advances	124,787.42	
Miscellaneous Notes, Accounts, and Advances	8,458.64	
		477,408.49
		<u>\$11,376,067.05</u>

CORPORATION OF VIRGINIA
 NT, VIRGINIA
 CE SHEET
 er 28, 1947

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:

Accounts Payable	\$241,469.13
Dividend Payable	346,998.75
Withholding Taxes Payable	21,926.32
Accrued Expenses, Wages, and Social Security Taxes	125,813.50
Accrued State Income Tax	166,255.03
Accrued Federal Income Tax	\$2,046,242.59
Less: U. S. Treasury Savings Notes—Contra	1,400,000.00
	<u>646,242.59</u>

TOTAL CURRENT LIABILITIES

\$1,548,705.32

RESERVE FOR GROUP INSURANCE..... 13,792.83

CAPITAL STOCK AND SURPLUS:

Capital Stock:

Common, \$5 par value, authorized 600,000 shares, issued and
 outstanding 462,665 shares..... \$2,313,325.00

Surplus:

Earned Surplus:

Appropriated for new construction and timber-
 lands (see Commitments)..... \$1,256,805.07

Unappropriated..... 6,082,013.83

TOTAL EARNED SURPLUS..... \$7,338,818.90

Paid-in Surplus..... 161,425.00

7,500,243.90

9,813,568.90

CONTINGENT LIABILITY:

Additional Federal Income and Excess Profits Taxes for the years 1943, 1944, and
 1945, in the amount of \$127,276.72, have been proposed by the United States
 Treasury Department and have been protested by the Corporation.

COMMITMENTS:

The Board of Directors of the Corporation has authorized the earmarking of funds
 in the amount of \$2,756,805.07 for the following purposes:

New Construction..... \$ 756,805.07

Timberlands..... 500,000.00

Probable purchase of an interest in a paper converting company.. 1,500,000.00

\$2,756,805.07

No funds have been specifically designated for these purposes.

Purchase commitments for additions to and maintenance of plant and equipment at
 December 28, 1947, amounted to \$691,542.84. Of this amount, approximately
 \$669,000.00 represented commitments in connection with the new construction
 authorized by the Board of Directors. Commitments for operating supplies
 and materials were not in excess of normal requirements.

\$11,376,067.05

THE CHESAPEAKE CORPORATION OF VIRGINIA
WEST POINT, VIRGINIA

STATEMENT OF SURPLUS
For the Year Ended December 28, 1947

EARNED SURPLUS:

Balance—December 29, 1946 \$5,157,994.30

Addition:

Net Profit for the Year 3,337,487.10
\$8,495,481.40

Reduction:

Dividends Declared—\$2.50 per share on 462,665 shares of Common Stock 1,156,662.50
Balance—December 28, 1947 \$7,338,818.90

PAID-IN SURPLUS:

Balance—December 29, 1946 \$161,425.00
Changes during year None
Balance—December 28, 1947 \$161,425.00

THE CHESAPEAKE CORPORATION OF VIRGINIA

WEST POINT, VIRGINIA

PROFIT AND LOSS STATEMENT

For the Year Ended December 28, 1947

NET SALES.....	\$13,720,113.64
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DEDUCT:

Costs and Operating Expenses (exclusive of those shown below)...	\$5,966,379.52	
Maintenance and Repairs.....	1,021,460.28	
Depreciation.....	372,504.10	
Depletion.....	140,776.48	
Taxes (other than Income Taxes).....	97,191.76	
Selling, General and Administrative Expenses.....	450,468.22	
		8,048,780.36
PROFIT FROM SALES.....		\$ 5,671,333.28

OTHER INCOME:

From Sale of By-products.....	\$ 65,862.68	
Interest Earned.....	14,183.26	
Discount Earned.....	8,292.69	
Use and Occupancy Insurance Recovery.....	10,295.14	
Inventory Adjustment.....	25,430.87	
Adjustment of Depletion Reserve.....	23,352.26	
Miscellaneous Income.....	23,307.20	
		170,724.10
		\$ 5,842,057.38

OTHER DEDUCTIONS:

Pension Fund Contribution.....	\$ 133,856.02	
Loss on Sales, Obsolescence, and Abandonments of Equipment....	18,964.86	
Discounts Allowed.....	102,680.29	
Miscellaneous Deductions.....	36,571.49	
		292,072.66
PROFIT BEFORE PROVISION FOR INCOME TAXES.....		\$ 5,549,984.72

PROVISION FOR INCOME TAXES:

State Income.....	\$ 166,255.03	
Federal Income.....	2,046,242.59	
		2,212,497.62
NET PROFIT FOR THE YEAR.....		\$ 3,337,487.10
NET PROFIT PER SHARE OF COMMON STOCK.....		\$7.21

CERTIFICATE OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have examined the balance sheet of The Chesapeake Corporation of Virginia as of December 28, 1947, and the statements of profit and loss and surplus for the year (consisting of thirteen four-week periods) then ended. In connection with our examination, we have reviewed the system of internal control and the accounting procedures of the Corporation and, without making a detailed audit of the transactions, have examined or tested accounting records of the Corporation and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The Chesapeake Corporation of Virginia at December 28, 1947, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LEACH, CALKINS & SCOTT,
Certified Public Accountants.

